

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

|                                      |   |                                |
|--------------------------------------|---|--------------------------------|
| <b>In Re:</b>                        | § | <b>Chapter 11</b>              |
|                                      | § |                                |
| <b>W.R. GRACE &amp; CO., et al.,</b> | § | <b>Jointly Administered</b>    |
|                                      | § | <b>Case No. 01-01139 (JKF)</b> |
| <b>Debtors.</b>                      | § |                                |
|                                      | § |                                |

**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING  
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE ISSUES  
FOR THE TWENTIETH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Twentieth Interim Quarterly Period (collectively referred to hereafter as the "Applications").

**BACKGROUND**

1. Anderson Kill & Olick, P.C., ("AKO") was retained as special insurance counsel to the official committee of asbestos personal injury claimants. In the Application, AKO seeks approval of fees totaling \$17,264.50 and costs totaling \$46.48 for its services from January 1, 2006, through March 31, 2006.

2. David T. Austern ("Austern") was retained as representative to the Future Claimants. In the Application, Austern seeks approval of fees totaling \$12,100.00 and costs totaling \$1,377.45 for his services from January 1, 2006, through March 31, 2006.

3. Beveridge & Diamond, P.C. (Beveridge) was retained as special counsel to the Debtors. In the Application, Beveridge seeks approval of fees totaling \$38,671.25 and costs totaling

\$400.22 for its services from January 1, 2006, through March 31, 2006.

4. Bankruptcy Management Corporation (BMC) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. In the Application, BMC seeks approval of fees totaling \$177,504.41 and costs totaling \$6,494.57 for its services from January 1, 2006, through March 31, 2006.

5. Bowe & Fernicola ("Bowe") was appointed as special real estate counsel to the Debtors. In the Application Bowe seeks approval of fees totaling \$61,367.50 and costs totaling \$100.20 for its services from February 1, 2006, through March 31, 2006.

6. Campbell & Levine LLC ("Campbell") was retained as counsel to the official committee of asbestos personal injury claimants. In the Application, Campbell seeks approval of fees totaling \$92,452.00 and costs totaling \$3,156.83 for its services from January 1, 2006, through March 31, 2006.

7. Casner & Edwards, LLP ("Casner") was retained as special litigation counsel to the Debtors. In the Application, Casner & Edwards seeks approval of fees totaling \$124,515.00 and expenses totaling \$55,185.90 for its services from January 1, 2006, through March 31, 2006.

8. CIBC World Markets Corp. ("CIBC") was retained as financial advisor to David T. Austern, Future Asbestos Claimants Representative. In the Application, CIBC seeks approval of fees totaling \$25,000.00 and costs totaling \$1,924.06 for its services from January 1, 2006, through January 31, 2006.<sup>1</sup>

9. Duane Morris LLP ("Duane Morris") was retained as counsel to the Official

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<sup>1</sup>Beginning in February 2006, CIBC was replaced by Piper Jaffray & Co. as financial advisor to David T. Austern.

Committee of Asbestos Property Damage Claimants. In the Application, Duane Morris seeks approval of fees totaling \$47,740.50 and costs totaling \$942.69 for its services from January 1, 2006, through March 31, 2006.

10. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. In the Application, Ferry Joseph seeks approval of fees totaling \$50,212.00 and costs totaling \$6,111.34 for its services from January 1, 2006 through March 31, 2006.

11. Foley Hoag LLP (Foley Hoag) was retained as special environmental counsel to the debtor. In the Application, Foley Hoag seeks approval of fees totaling \$33,356.00 and costs totaling \$141.02 for its services from January 1, 2006 through March 31, 2006.

12. Hamilton, Rabinovitz & Alschuler, Inc. (“HRA”) was retained as consultants to the Official Committee of Asbestos Property Damage Claimants. In the Application, HRA seeks approval of fees totaling \$19,420.00 and costs totaling \$0.00 for its services from January 1, 2006, through March 31, 2006.

13. Holme Roberts & Owen, LLP (“HRO”) was retained as special environmental counsel to the Debtors. In the Application, HRO seeks approval of fees totaling \$4,450.00 and costs totaling \$3,653.13 for its services from January 1, 2006, through March 31, 2006.

14. Klett Rooney Lieber & Schorling (“Klett Rooney”) was retained as co-counsel to the Official Committee of Equity Holders. In the Application, Klett Rooney seeks approval of fees totaling \$84,312.00 and costs totaling \$757.33 for its services from December 26, 2005, through March 31, 2006.

15. Kramer, Levin, Naftalis & Frankel, L.L.P. (“Kramer Levin”) was retained as counsel

to the official committee of equity holders. In the Application, Kramer Levin seeks approval of fees totaling \$74,750.00 and costs totaling \$5,452.00 for its services from January 1, 2006, through March 31, 2006.

16. Legal Analysis Systems, Inc. ("LAS") was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. In the Application, LAS seeks approval of fees totaling \$46,712.50 and costs totaling \$0.00 for its services from January 1, 2006, through March 31, 2006.

17. Nelson Mullins Riley & Scarborough, LLP ("Nelson Mullins"), was retained as special litigation and environmental counsel for the Debtors. In the Application, Nelson Mullins seeks approval of fees totaling \$22,692.00 and costs totaling \$198.22 for its services from January 1, 2006, through March 31, 2006.

18. Orrick, Herrington & Sutcliffe ("Orrick") was retained as counsel to David T. Austern, legal representative for future asbestos claimants. In the Application, Orrick seeks approval of fees totaling \$206,292.25 and costs totaling \$7,501.32 for its services from February 6, 2006, through March 31, 2006.

19. Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. ("Pachulski") was retained as local counsel to the debtors. In the Application, Pachulski seeks approval of fees totaling \$123,521.00 and costs totaling \$111,295.39 for its services from January 1, 2006, through March 31, 2006.

20. Phillips, Goldman & Spence, P.A. ("PG&S") was retained as local counsel to David T. Austern, Future Claimants' Representative. In the Application, PG&S seeks approval of fees totaling \$20,182.00 and costs totaling \$1,421.01 for its services from January 1, 2006, through

March 31, 2006.

21. Pitney, Hardin, Kipp & Szuch, LLP (“Pitney Hardin”), was retained as special counsel to the Debtors. In the Application, Pitney Hardin seeks approval of fees totaling \$346,260.50 and costs totaling \$39,538.32 for its services from January 1, 2006, through March 31, 2006.

22. Protiviti, Inc. (Protiviti) was retained as Sarbanes Oxley compliance advisors for the Debtors. In the Application, Protiviti seeks approval of fees totaling \$92,007.00 and expenses totaling \$2,924.47 for its services from January 1, 2006, through March 31, 2006.

23. PricewaterhouseCoopers LLP (“PwC”) was retained as independent accountants and auditors for the Debtors and Debtors in Possession. In the Application, PwC seeks approval of fees totaling \$853,910.15 and costs totaling \$7,513.01 for its services from January 1, 2006, through March 31, 2006.

24. Reed Smith LLP (“Reed Smith”) was retained as special asbestos products liability defense counsel to the Debtors. In the Application, Reed Smith seeks approval of fees totaling \$438,864.75 and costs totaling \$18,855.75 for its services from January 1, 2006, through March 31, 2006.

25. Darrell Scott of The Scott Law Group is counsel to Marco Barbanti (“Barbanti”), a member of the Official Committee of Asbestos Property Damage Claimants (the “Committee”). In the Application, Scott seeks approval of costs totaling \$985.07 for reimbursement of expenses incurred between January 24, 2006 and February 21, 2006. Edward J. Westbrook of Richardson, Patrick, Westbrook & Brickman LLC is counsel to Princeton University and a member of the Committee. In the Application, Westbrook seeks approval of costs totaling \$3,201.86 incurred between March 15 and March 22, 2006 .

26. Steptoe & Johnson, LLP ("Steptoe") was retained as special tax counsel to the Debtors. In the Application, Steptoe seeks approval of fees totaling \$121,740.00 and costs totaling \$9,362.36 for its services from January 1, 2006, through March 31, 2006.

27. Swidler Berlin, LLP (Swidler), was retained as counsel to David T. Austern, legal representative for future asbestos claimants. In the Application, SBSF seeks approval of fees totaling \$20,998.50 and costs totaling \$3,483.45 for its services from January 1, 2006, through February 5, 2006.

28. Towers Perrin Tillinghast (Towers Perrin) was retained as actuarial consultants to David T. Austern, Future Claimants Representative. In the Application, Towers Perrin seeks approval of fees totaling \$66,539.00 and costs totaling \$867.40 for its services from January 1, 2006 through March 31, 2006.

29. Woodcock Washburn LLP ("Woodcock") was retained as special litigation counsel to the Debtor. In the Application, Woodcock seeks approval of fees totaling \$15,885.50 and costs totaling \$2,436.63 for its services from January 1, 2006, through March 31, 2006.

30. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States

District Court for the District of Delaware, and the Third Circuit Court of Appeals.

### **DISCUSSION**

31. We have no objections to, or issues with any of the Applications.

### **CONCLUSION**

32. Thus for the period of July 1, 2005, through September 30, 2005 we recommend approval of all fees and expenses for the following applicants:

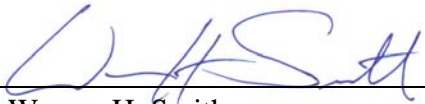
- a. AKO - fees totaling \$17,264.50 and costs totaling \$46.48.
- b. Austern - fees totaling \$12,100.00 and costs totaling \$1,377.45.
- c. Beveridge - fees totaling \$38,671.25 and costs totaling \$400.22.
- d. BMC - fees totaling \$177,504.41 and costs totaling \$6,494.57.
- e. Bowe - fees totaling \$61,367.50 and costs totaling \$100.20.
- f. Campbell - fees totaling \$92,452.00 and costs totaling \$3,156.83.
- g. Casner - fees totaling \$124,515.00 and expenses totaling \$55,185.90.
- h. CIBC - fees totaling \$25,000.00 and costs totaling \$1,924.06.
- i. Duane Morris - fees totaling \$47,740.50 and costs totaling \$942.69.
- j. Ferry Joseph - fees totaling \$50,212.00 and costs totaling \$6,111.34.
- k. Foley Hoag - fees totaling \$33,356.00 and costs totaling \$141.02.
- l. HRA - fees totaling \$19,420.00 and costs totaling \$0.00.
- m. HRO - fees totaling \$4,450.00 and costs totaling \$3,653.13.
- n. Klett Rooney - fees totaling \$84,312.00 and costs totaling \$757.33.
- o. Kramer Levin - fees totaling \$74,750.00 and costs totaling \$5,452.00.
- p. LAS - fees totaling \$46,712.50 and costs totaling \$0.00.

- q. Nelson Mullins - fees totaling \$22,692.00 and costs totaling \$198.22.
- r. Orrick - fees totaling \$206,292.25 and costs totaling \$7,501.32
- s. Pachulski - fees totaling \$123,521.00 and costs totaling \$111,295.39.
- t. PG&S - fees totaling \$20,182.00 and costs totaling \$1,421.01.
- u. Pitney Hardin - fees totaling \$346,260.50 and costs totaling \$39,538.32.
- v. Protiviti - fees totaling \$92,007.00 and expenses totaling \$2,924.47.
- w. PwC - fees totaling \$853,910.15 and costs totaling \$7,513.01.
- x. Reed Smith - fees totaling \$438,864.75 and costs totaling \$18,855.75.
- y. Scott - costs totaling \$985.07; Westbrook - costs totaling \$3,201.86.
- z. Steptoe - fees totaling \$121,740.00 and costs totaling \$9,362.36.
- aa. Swidler - fees totaling \$20,998.50 and costs totaling \$3,483.45.
- bb. Towers Perrin - fees totaling \$66,539.00 and costs totaling \$867.40.
- cc. Woodcock - fees totaling \$15,885.50 and costs totaling \$2,436.63.



Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**

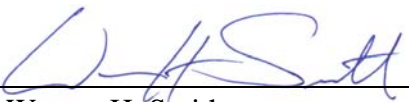
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**FEE AUDITOR**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 8<sup>th</sup> day of September, 2006.

  
Warren H. Smith

**SERVICE LIST**

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